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Enhancing Customer Experiences: Insights from Management of Knowledge and Culture Change

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In today's world how do you make your savvy, purse pinching customers your biggest fans? Assistant Professor of Marketing at Western Illinois University Samit Chakravorti reveals how consistently enhancing the experiences of customers can help do just that. In this article he discusses how managing knowledge and change effectively can enhance customer experiences and shares secrets and best practices from successful companies.

Enhancing customer experiences

Definition
More than 85% of senior managers believe that Customer Experience Management (CEM) will be the next battleground for sustainable competitive advantage.

Recent research discusses customer experience as a holistic experience where a customer co-creates unique experiences with the company, living every moment of the relationship in ways beyond their expectations. The devil lies in customisation and impacting behaviour positively.

Current thinking
There are myriad factors responsible for a delightful customer experience. There are the information processing, decision making and experiential aspects of consumer behaviour such as goals, attitudes, involvement, attitude to service failures and peer influence and company controlled factors such as store environment, price, past experiences and total brand experience. The 'perfect' customer experience results from the synergistic impact of all these factors.

CEM starts with understanding customers individually, and then dynamically customising their customer experience over time. Effective knowledge management and organisational change largely shape this effort.

Role of Knowledge Management
Knowledge Management (KM) needs processes and technologies that together store, process, share and interpret information until a level of profound understanding is reached.

The technology aspect is concerned with sound collection, recording and analysis of the right, good quality data. The challenge lies in implementing technology that integrates information from all customer channels, offering a seamless experience. Cisco systems and SafeCo Insurance have married online systems with telephone and back office so if a customer calls the company's contact centre after an unsuccessful session on the website, the agent can access the customer's online activity and pick up where the customer left off. Online, search capabilities should allow the user to search in their own words and still return relevant results using the user's vernacular and case based and expert reasoning techniques.

On the KM process side, knowledge capture and reuse must work as the way people do business. Acquisition Solutions, a business process solutions provider, created an operating model including team-based learning processes that generate communities of practice that act as a market place for knowledge and ideas, allowing front line employees to reach across the organisation horizontally as well as vertically for ideas.

Since customers are co-creators of their own experiences, communities of practice should also be extended to include customers. Flexifoil International, a specialist in sporting kite technology, successfully facilitated customers' experiences by creating and leading (not owning) offline and online sport kiting customer communities.

KM processes should map the sequence of consumer consumption activities including all activities and touch points. One of the leading cancer centres in the US used this technique to identify opportunities for developing web-based patient access and patient education.

Role of Culture Change Management

Effective management of culture change lies at the heart of CEM. Change should be directed towards developing shared values of customer orientation, genuine leadership, and a customer-centric business model. It is a challenge to make these three prongs of change management work in sync but, with diligence, companies can reap the rewards of enhanced customer experience.

Shared values

For values to become shared, employees must become the strategy and live the brand, according to Patrick Harris of thoughtengine, a branding consultancy. Employees should feel strongly that creating great experiences for customers is not just work but a way of life. Employees should identify with brand values through guiding principles which nurture desired behaviours and promote unity through common language.

Leadership

True leadership is expressed through committed action from the top and empowered and involved employees working at creative problem solving. Leaders need to support organisational values and actively coach employees. Gaylord Palms resort in Florida encourages employees to bring problems to their managers. To empower and motivate them, three unique leadership responsibilities were created, along with an internal guarantee that emulated their customer guarantee.

Business Model

Leadership must be supported with processes, policies and infrastructure. It is important to align processes with the core values of the brand to help employees live the values and for management to hire and develop employees who will believe in these values.

Control mechanisms can be packaged in terms of learning to motivate employees to acquire new skills and capabilities. Contu and Willmott (2003) expressed the opinion that "Learning has an appealing connotation resonant with motherhood and apple pie that make it difficult to question or refuse".

Zappos.com, one of the most innovative e-commerce companies, has a goofy libertine culture where customer experience rules and the culture motivates employees to do their best for the customer. The hiring process includes a 'culture interview' and, after two weeks initial training, new employees who don't fit the culture well are incentivised to leave. Long-serving employees undertake extensive classroom training (around 200 hours) and reading (nine business books) to ensure the best possible customer experience is maintained.

Link measurement to reward

At Gaylord Palms Hotel, performance evaluation gives equal importance to management of customers, employees and financials. In Ireland's Superquinn supermarkets employees are not just rewarded for maximising profits but for enhancing customer experience and outstanding service – bakery employees are rewarded on the basis of the percentage of store customers who buy freshly baked items.

Implementing CEM

If by now CEM seems overwhelmingly complex, it is! Many companies lack the technical, analytical, interpretative, and collaborative capabilities needed to transform and integrate the technology, processes and people. This much needed capability has been termed Absorptive Capacity (ACAP). ACAP can be developed through specific learning processes that are intertwined in the processes and routines of the organisation, supported by a collaborative organisational culture.

Along with ACAP, power plays impact implementation of CEM programmes, both negatively and positively. The power of influence helps overcome ambiguity and uncertainty; power of force integrates collective action; domination power overcomes resistance to change; and discipline power supports development of expertise necessary for knowledge management. Tying power and control mechanism to learning, rewards and opportunity creates a positive effect. However, where communities of practice do not share social identities and when legitimate power from top management is not softened by support, power imbalances can have a negative effect.

Implications for managers

To enhance customer experience in today's multichannel marketing environment, companies need to hire for attitude and offer a business model aligned with the values and goals of customer orientation, knowledge sharing and collaboration. Companies must develop a service culture that is customer oriented and has the capability to manage customer information issues effectively. Leaders should actively promote and implement knowledge management systems and processes.

The marketing function has a large stake and role in CEM. Marketing culture and strategy affects the organisational values, beliefs, and attitudes, which in turn directly affect organisational performance. Marketing, after all, is there for customers.

Further reading

Original article – Chakravorti, S. (2011). Managing organisational culture change and knowledge to enhance customer experiences: analysis and framework. *Journal of Strategic Marketing*, 19(2), 123-152.

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Biography

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Samit Chakravorti is the Assistant Professor of Marketing in the Department of Management and Marketing in Western Illinois University, Macomb, IL, USA. Dr Chakravorti achieved his PhD in Business Administration from Florida International University, Miami, FL USA where he also taught marketing for several years. Prior to this, Dr Chakravorti worked in sales for several years in multinational companies in the Indian market. Dr Chakravorti's research interests are in the areas of customer relationship management, sales and distribution. He has authored several journal articles and a trade book on customer relationship management.